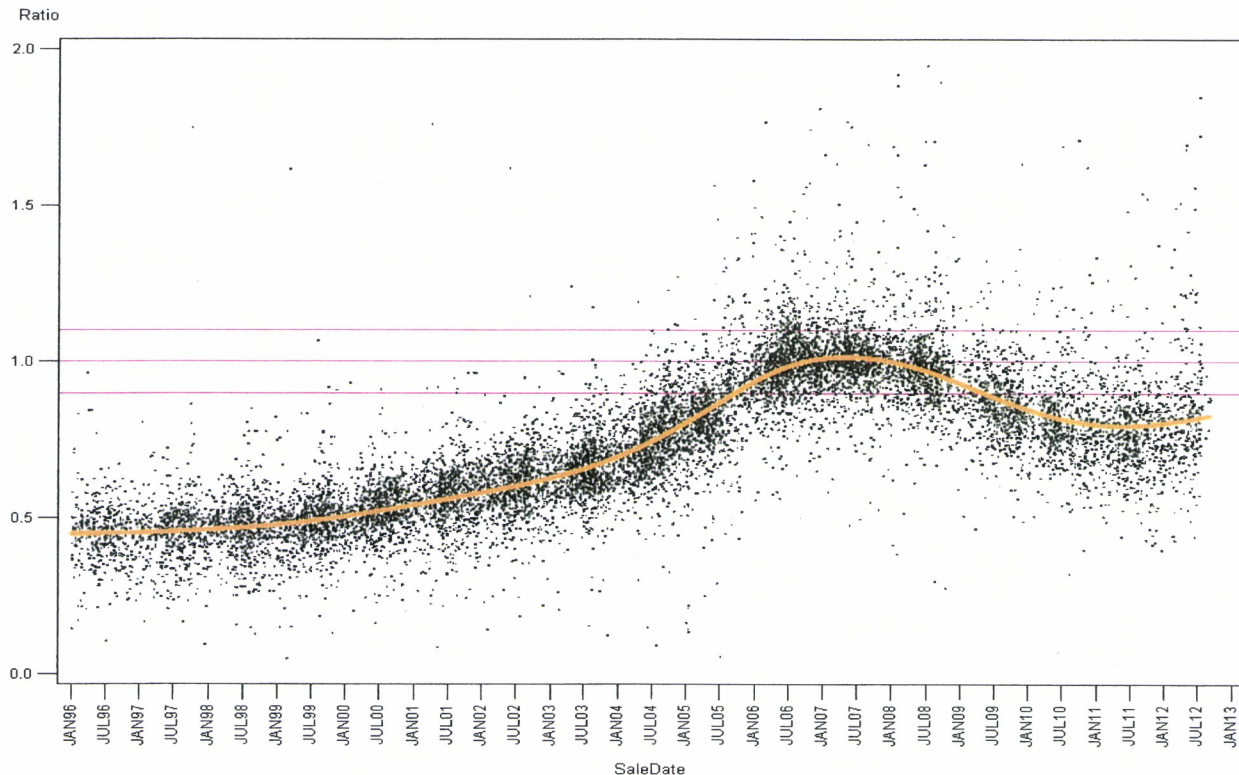


Region 4E: Gallatin County

*Residential Property Ratios for Specific Regions in the State of Montana
From July 1996 to Present
Region-Region 4E*



Region 4E is composed of Gallatin County, which is located in the south central portion of the state. The scatter plot depicts residential market conditions accelerating until about 2005, before peaking in 2007, and depreciating until 2011, when they began to strengthen.

Region	Time Period	Number of Valid Sales	Average % of the 2008 Reappraisal Value at the Beginning of the Time Period	Lower Boundary at the 95% Confidence Level	Upper Boundary at the 95% Confidence Level	Number of Valid Sales	Average Monthly Growth Rate for the Given Time Period	Lower Boundary at the 95% Confidence Level	Upper Boundary at the 95% Confidence Level
Region 4E	January 1996 to June 2005	13,148	39.0%	38.7%	39.4%	13,148	0.57%	0.56%	0.58%
Region 4E	July 2005 to June 2008	5,469	93.2%	92.4%	94.0%	5,469	0.31%	0.26%	0.35%
Region 4E	July 2008 to June 2011	3,072	95.2%	94.0%	96.5%	3,072	-0.68%	-0.74%	-0.62%
Region 4E	July 2011 to June 2012	983	74.7%	72.8%	76.8%	983	0.68%	0.29%	1.07%
Region 4E	July 2012 to Current	71	85.8%	80.1%	91.8%	71	1.92%	-4.81%	9.12%

As the table illustrates, beginning in 1996 average sale-to-appraisal ratios grew from approximately 39% of 2008-reappraisal-values to a peak in 2007, before falling to approximately 95% in 2008, 75% in 2011, and then rebounding up to 86% in 2012.

SENATE BILL NO. 398

Constitutional and Statutory Obligations

Article VIII, § 3, Mont. Const., requires equalization of values:

The state shall **appraise, assess, and equalize the valuation of all property** which is to be taxed in the manner provided by law.

Article VIII, § 4, Mont. Const., requires coordination with all taxing jurisdictions:

All taxing jurisdictions shall use the assessed valuation of property established by the state.

This is supported by statute, pursuant to § 15-9-101(1), MCA:

The department shall **adjust and equalize the valuation of taxable property** among the several counties, between the different classes of taxable property in any county and in the several counties, and between individual taxpayers and **shall do all things necessary to secure a fair, just, and equitable valuation of all taxable property** among counties, between the different classes of property, and between individual taxpayers.

Covenant Investments, Inc. v. State

The Montana Eighteenth Judicial District Court has recently determined that the Department of Revenue's six-year reappraisal cycle for appraising class four properties is unconstitutional. Referring to the Supreme Court decisions *Roosevelt v. Department of Revenue* and *Department of Revenue v. Barron*:

... taxing a Montana residential property owner on a value that exceeds the actual market value of the property is constitutionally impermissible.

The *Covenant* Court ultimately found:

... the failure to provide for mid-cycle reappraisals within § 15-7-111, MCA, can violate a residential property taxpayer's equal protection rights by causing that taxpayer to bear a disproportionate share of Montana's tax burden by taxing on an overstated property value, while taxing other Montana taxpayers based on fair or understated values.